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George A. Erickcek

W.E. Upjohn Institute for Employment Research, erickcek@upjohn.org

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George A. Erickcek

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Introduction and Summary

This report offers an estimate of the cost of a statewide scholarship program for the State of Oregon that has a similar program structure as the existing Kalamazoo Promise. It is assumed that the proposed Oregon scholarship program would begin in the fall of 2013, and the full cost of the scholarship would not occur until 2016 when four years of scholarship-eligible students are enrolled in college. This report includes estimates on the scholarship costs, as well as, costs associated with administering the scholarship program.

The proposed scholarship program would be available to all Oregon K–12 students who have lived in the state continuously during the final four years of their secondary education, regardless if they attended public or private schools or were home schooled. The scholarship could be used at any publicly or privately accredited post-secondary college or university in the state with a tuition cap equal to the highest public university tuition which is currently the University of Oregon.

The projected costs of two types of scholarship programs are estimated. The first is a “first-dollar” scholarship program which is not means tested and is open to all eligible students in the state. Eligible students would not have to seek additional federal, state, or private funds for tuition. The second scholarship program is a “middle-dollar” program where the Oregon Promise funds would be awarded after Federal Pell and Oregon Opportunity Grants (OOG) are calculated; however, institutional merit scholarships and other private scholarships are not considered.

All of the report’s tables are located in Appendix A of the report. A PowerPoint summary presentation of the report’s findings is attached in Appendix B.

As shown in Table 1, the proposed scholarship would be expensive. During the fourth year when the scholarship’s first-year students are attending their final year of college, the first-dollar scholarship program would cost just over \$348 million. The middle-dollar option would lower the cost to \$284 million. The cost of the scholarship program would only increase in the later years because of greater usage as its availability encourages more students to attend college and because of the ever rising cost of tuition.

These cost estimations depend upon a large set of assumptions and forecasts to which we will now turn.

Key Assumptions and Forecasts

Forecast of student enrollment and residency duration

The driving force in estimating the costs of the proposed Oregon Promise is the forecast of future enrollment in the state's various K–12 school programs. To forecast school enrollment for public, private, and parochial schools, we used a cohort-survival model with a five-year moving average to forecast the school enrollment for each grade from K–12 in the state. Overall, we forecast that enrollments will increase by a 0.7 percent average annual rate during the period as shown in Table 2.

Estimations of the number of children currently being home schooled are not readily available, and future trends in home schooling in the state are unknown. Nevertheless, as shown below, if a student is home schooled only during the elementary grades and graduates from a public, private, or parochial high school, he or she will be captured in our estimates.

As difficult and important a task as it is to derive a reasonable forecast of future student enrollment in the state, estimating the future student's residency eligibility is even more demanding. The proposed Oregon Promise has a residency requirement based on the Kalamazoo Promise which is shown in Table 3.

Therefore, it is necessary to forecast the length of residency of future high school graduates. Of course, we do not have access to individual student records to make these estimates. Instead, we use U.S. Census migration estimates for the state for the period 2007 through 2011.¹ In aggregating migration data for the four-year period, we found that 57 percent of the state's 18-year-olds were born in the state. These data suggest that the probability of moving from the state during the first 17 years of life is approximately linear at 4.5 percent per year. As shown in Table 4 below, of the 13,734 high school graduates attending college in Oregon in 2012, we estimate that 7,904 started in Kindergarten and stayed in Oregon for their entire primary and secondary education. Since we are basing our residency estimates by "working backwards" from the graduation class—4.5 percent of the class is estimated to have moved into the state each year—we estimate the high school graduates' length of residency regardless of type of schooling they attended, including home schooling.

Estimated number of students using the scholarship

Students could use their Oregon Promise scholarships to attend any accredited public or private, in-state colleges or universities in the state. They would receive funding for up to 130 credits, to be used within six years of high school graduation (with deferments for military service).

This requires the estimation of future trends in the number of high school graduates that will go on to college and who will attend college in the state. In the 2008–09 school year at least 59.4 percent of the state's high school graduates continued on to college. Of these students, the large majority, 83 percent, attend public or private college in the state.² We assume that this number

¹ American Community Survey IPUMS. Unfortunately, this time period was a period of economic distress with falling housing values. The need to find employment could have caused some families to leave or enter the state. At the same time, many families may have found themselves "locked" to their house due to its value dropping below the mortgage they owed.

² Data provided by Bob Kieran, Institutional Research and Planning Oregon University System, on March 29, 2013. The source of the data is from the OUS/IR from data matched by Brian Reeder, ODE.

will grow by 1.0 percent annually because of the Promise and the changing demands of the work place.

In Table 5, we present our estimates on the number of Oregon students attending each of the colleges and universities located in the state. Again, we are estimating that the number of high school graduates attending college in the state will increase by 1.0 percent annually and that the proportion of students attending each of these post-secondary institutions will remain constant during the period. One of the simplifying assumptions used in this cost estimation is that all scholarship students will attend college the year after graduation. For students attending four-year universities this is a reasonable assumption; however, for students attending the state's community colleges it is more questionable. Nevertheless, given that it is impossible to know when a student will use the scholarship during his/her six-year window of opportunity, we have "front loaded" the cost of the scholarship. This means that the cost of the scholarship is likely to be overestimated during the first four years.

College Attendance and Completion

Many students who attend college do not complete their education. This is especially true for community college students. In Table 6 we show the average college retention rate for public colleges and universities, and private colleges and universities in the state. On average, only 43 percent of the students attending community college come back for the second year. For the state's public colleges, 78 percent of the entering freshmen return for their second years, 61 percent return for their junior year and 47 percent enter their fourth and final year of scholarship funding. For the state's private colleges and universities, the retention rates are slightly lower.

In the forecast period, we factor in an annual 0.5 percent increase in retention rates, across all colleges and universities and across all grades.

Finally, nationwide, an estimated 34 percent of full-time, degree-seeking community college students go on to a four-year university to complete their course of study. We use the same percentage in our estimate as well.

Cost Estimate

Two sets of cost estimates are presented here. The first is the First-Dollar Scholarship program and the second is the Middle-Dollar Scholarship program. Again, the First-Dollar Scholarship program pays up to 100 percent of the tuition and related fees for any accredited college or university in the state of Oregon, as long as it is below the cost of the state's most expensive public university. The scholarship's residency requirements as shown in Table 3 determine the amount of the scholarship. There is no grade point average or high school performance standard for the student to achieve except, of course, that he/she must be accepted at their selected college or university. The Middle-Dollar Scholarship program would require students to complete the Free Application for Federal Student Aid (FAFSA) which would make them eligible for federal scholarship assistance, primarily Pell Grants and the Oregon Opportunity Grant (OOG). The Middle-Dollar Promise Scholarship would make up the difference between the college or university's tuition and the Federal and state assistance. The forecasted state outlay for the OOG is shown in Table 7. Again the generosity of the scholarship would be determined by the student's length of residency.

First-Dollar Scholarship program

The total projected outlays of a First-Dollar Scholarship program for the state of Oregon, by year, are shown in Table 8. During the first year, with only the first class attending college, the scholarship program would pay out an estimated \$117 million in tuition and fees. In year four, when there are four classes of scholarship students enrolled at the state's universities and colleges, the scholarship will pay out a projected \$348 million.

Note that scholarship payments decline for each class during the four years because of students dropping out of the school. However at the same time, the scholarship payout grows because of 1) the assumed 6 percent annual increase in tuition, 2) the annual 1.0 percent increase in high school graduates attending Oregon-based colleges and universities, and 3) the assumed modest 0.5 percent improvement in college retention.

In the final year of the forecast period, the scholarship program would pay out \$682 million for tuition and fees for more than 30,000 Oregon students attending college under the scholarship program.

Middle-Dollar Scholarship program

The total projected outlays in the Middle-Dollar Scholarship program would be lowered by the amount of needs-based Federal tuition assistance acquired by participating students. The annual projected amount of Federal and state (OOG) scholarship aid during the forecast period is presented in Table 9. This is partially based on historical usage of federal and state aid by students at the state colleges and universities from 2007 to 2010. In addition, we assumed that the Federal aid and the OOG would increase by 2.5 percent per year from 2013.

In Table 10, the total projected scholarship outlay under the Middle-Dollar Scholarship program is presented. As best seen in Table 1, the Middle-Dollar Scholarship would reduce the cost of the scholarship in the first year by 29 percent. However, due to tuition costs projected to increase faster than federal and state aid, the middle-dollar will save 23.8 percent in 2027. It is assumed that the requirement of completing the FAFSA would not impact the number of students applying for the scholarship program. However, this may result in an overestimation of the program's cost since it is a difficult form to complete. Some families may be resistant to complete it which could have a negative impact on the number of scholarships provided.

The Potential Impact of an Oregon Promise on the state's 40-40-20 Initiative

The Oregon aggressive 40-40-20 plan strives to reach the following goals by 2025:

- 40 percent of adult Oregonians earning a Bachelor's degree or higher;
- 40 percent of adult Oregonians earning an Associate's degree or postsecondary credential; and
- 20 percent earning at least a high school diploma or an equivalent to a diploma.

As of 2011, according to the U.S. Census, of Oregonians who are 25 years or older:

- 11 percent have not completed high school;
- 25 percent have a high school diploma or its equivalent as their highest degree;
- 35 percent have an Associate's degree or some college—the number with post-secondary certificates is unknown; and

- 29 percent have a Bachelor's degree or higher.

Therefore to reach its goal, Oregon must:

- develop a strategy to reduce the number of high school students who drop out of school;
- create opportunities for individuals who never completed high school to pass their General Education Development (GED) test;
- encourage high school graduates to explore career options and enroll and complete the necessary certificate or Associate's degree;
- encourage students completing Associate's degrees to continue on to a four-year degree program;
- encourage students who are enrolled in four-year-degree universities and college to complete; and
- create life-long learning opportunities for older Oregonians to return to college or start their college career at two-year and four-year institutions.

The W.E. Upjohn Institute has been carefully tracking the impact of the Kalamazoo Promise on the academic performance of eligible students. Based on this research and on the limited research of other programs, we have found the following.

- Kalamazoo Promise recipients have a greater-than-average likelihood to complete their college studies. For the first class eligible for the Promise Scholarship in 2006, 36 percent earned a bachelor's degree by the age of 24 compared to the national average of 23 percent. This trend holds true for whites, Blacks, and Hispanics. **It is likely that by reducing the financial barrier facing high school students going to college, the Oregon Promise will have a positive impact on the Oregon 40-40-20 goal of having more adult Oregonians completing both Associate's degrees and Bachelor's degrees.**

The poor retention rate of students attending two-year community colleges and four-year colleges and universities, nationwide, is a major issue. Our work on this topic has identified two major barriers that can thwart a student's aspirations to complete his/her degree. The first is that many students are not college ready in terms of academics and emotional development. A large and seemingly growing percentage of community college students require remedial coursework before they can begin their college career. Second, many students are unsuccessful in college because they do not become emotionally attached to the college. They can feel isolated and ignored in large classrooms without friends or a support group. Finally, the Bill and Melinda Gates Foundation in its report *With Their Whole Lives Ahead of Them* found that it was not the college coursework that caused many students to fail, but the burden of financial and familial responsibilities. Working long hours and/or raising a child can make it nearly impossible for a young adult student to successfully complete college. Again, the proposed Oregon Promise addresses this last barrier; however, the other barriers will still stand in the way of many students.

- Surprisingly, the availability of the Kalamazoo Promise has not had an impact on the drop-out rate for Kalamazoo Public Schools. Research suggests that the factors influencing students to drop out of high school, such as familial difficulties, peer pressure, emotional distress and other barriers, are not significantly impacted by the availability of a college scholarship program. **Therefore, the Oregon Promise could have an insignificant impact on the state's high school completion rate.**

- Because it is directed toward eligible high school graduates, an Oregon Promise would not address the difficulties facing adult Oregonians in returning to school to complete their GED or an Associate's degree, certificate program, or a Bachelor's degree if they completed high school before the scholarship was enacted. The possibility of an Oregon Promise scholarship persuading high school graduates to attend college after a long period of being out of school depends upon the design of the scholarship program. The Kalamazoo Promise allows eligible high school graduates a 10-year window to use the scholarship. **The longer the period that high school graduates can use the scholarship, the greater potential it has to encourage older adults to attend college.**

Overall, the Kalamazoo Promise has encouraged:

- lower-achieving students who had not necessarily planned on continuing their education past high school to enroll in large numbers at the local community college; and
- higher-achieving students who would have attended community college to go directly into four-year programs.

In summary, the Oregon Promise would positively impact the state's goal of having 80 percent of its adults earn a post-secondary college degree or certificate; however, it may not impact the number of students who, unfortunately, drop out of high school.

There are alternative and/or compatible activities or policies to an Oregon Promise that could enhance the state's efforts to achieve its 40-40-20 goal by 2025. While an Oregon Promise would remove a financial barrier facing the state's high school graduates, there are two other major barriers that the Promise would not address which may be more formidable.

More and more studies are showing that the academic success of students is strongly influenced by their academic performance in elementary school and by the quality of their pre-school experience. Timothy Bartik, a Senior Economist at the Institute, who wrote *Investing in Kids: Early Childhood Programs and Local Economic Development*, clearly shows the long-lasting impact of a quality pre-school education on a child's academic achievements. Moreover, Bartik has found that for every dollar invested in quality pre-K education has the potential of creating 2.78 dollars in extra lifelong earnings for the state as a whole.

Bartik's findings are supported by longitudinal studies in Maryland that indicate that a student's performance in third grade is a robust predictor of his/her high school graduation rate and future college readiness. In short, it is hard to turn around the academic performance of students in their later years.

Finally, there is also growing evidence of the existence of an information failure in regards to available funding for college. It is very possible that the growing price tag of college tuition is causing low- to middle- income households to postpone or cancel college attendance aspirations. A program that increases the awareness of available scholarship monies and federal financial aid could have a positive impact on the number of students attending college, as well as, ease the

financial burden of students and their parents who have already determined the students will attend college.

The Potential Impact of an Oregon Promise on Economic Development of the State of Oregon

Economic development depends upon a whole host of factors, many of them outside the influence of state government. Current research suggests that three unique factors have compelling impacts on a state's economic development:

1. the competitiveness of the state's tax structure, availability of tax incentives, and the provision of state services;
2. the innovative and competitive strengths of its core industries or clusters; and
3. the ability of the region to attract, retain, and grow the talent of its workforce.

It is, of course, the last factor that the Oregon Promise could strongly influence. It is very well documented that the educational attainment level of a state's workforce is strongly correlated to its level of its personal income. More importantly, recent studies find that a highly educated workforce generates positive economic indirect effects to the income of both other educated workers and the region's less-educated workers. A greater density of educated workers encourages innovation as ideas are shared and partnerships developed. Second, innovation generates income and economic activity that can generate secondary employment opportunities in service-providing sectors of the state's economy that are accessible to less-skilled workers.

The Oregon Promise, as discussed above, will likely enhance the number of adult Oregonians who hold Bachelor's or higher degrees. Moreover, it will increase the attractiveness of the state to other professional workers because of the networks generated and because the Promise will show that the state is focused on talent and talent development.

It will be that last point that will likely have the greatest impact on the state's economy. If Oregon created a statewide Promise Scholarship, it would clearly show that the Oregon is focused on talent-driven economic development. It should be noted that the state would have to effectively market the Oregon Promise outside the state to achieve this impact.

Estimated Administrative Costs

The cost of administering a statewide college scholarship program depends upon the following factors.

1. The administrative costs of a first-dollar program, one that directly pays for all of the students' tuition and fees, is clearly lower than one taking the middle-dollar approach, requiring the student to apply for federal and state aid. The middle-dollar program will require financial counselors to assist students and their parents in completing the FAFSA application and record keepers to track federal and state tuition grants.
2. The accessibility of student records to determine the residency eligibility for the Promise Scholarship will be crucial. A major challenge facing a statewide program is the ability to track students who move between school districts in the state. If local school records are not maintained adequately to allow for easy verification of the students' residency throughout K–12, it may be extremely costly to develop the necessary database for managing a Promise Program.

The Kalamazoo Promise, which is a single-district, first-dollar scholarship program, has found that one of its most time-consuming tasks is resolving residency disputes. What about a student who lives part time with one parent in another school district? What about a student who lived out of state for 90 days during a school year, is he or she still eligible?

3. The size of the program's outreach effort will clearly have an impact on its cost structure. To be as effective as possible, the scholarship program must reach out to the elementary grades to inform parents and students of the accessibility and importance of a college education so that parent and student attitudes regarding the importance of schooling can be more positive.

If the Oregon Promise is a first-dollar program and if the Oregon school enrollment records are easily accessible, we estimate that the annual administration cost would be \$2.5 million as shown in the table below. Key assumptions that were used in calculating this cost estimate is that each student scholarship administrator can track 400 new students each year—this is estimated workload of the position at the Kalamazoo Promise.

If a middle dollar approach is taken, the Promise staff would have to take on additional personnel to assist families in completing the FAFSA and other administrative forms necessary to obtain state and federal aid. The total annual cost of this program would be \$4.4 million.

Both of these cost estimates assume that the state would provide free office space for the program.

Administrative Cost Estimates of the Oregon Promise

| A. First-Dollar Scholarship Program | | | | |
|--|--|---------------|---------------------|---------------------|
| Position | Responsibility | Number | Compensation | Cost |
| Director | Management of program | 1 | \$ 130,000 | \$ 130,000 |
| Outreach director | Promote the Promise statewide | 1 | \$ 104,000 | \$ 104,000 |
| Tech support | Work with school districts' student records | 2 | \$ 104,000 | \$ 208,000 |
| Student scholarship administrator | Track scholarship students | 43 | \$ 45,500 | \$ 1,956,500 |
| Support—administrative | Office administration | 3 | \$ 39,000 | \$ 117,000 |
| Travel | | | | \$ 10,000 |
| | | | Total | \$ 2,525,500 |
| B. Added Cost of a Middle- Dollar Program | | | | |
| Position | Responsibility | Number | Compensation | Cost |
| Financial counselors | Assist parents and students complete the FAFSA | 30 | \$ 58,500 | \$ 1,755,000 |
| Administrative support | Office administration | 2 | \$ 39,000 | \$ 78,000 |
| Travel | | | | \$ 50,000 |
| | | | Total | \$ 4,408,500 |

Appendix A: Tables

Table 1 Cost of the Oregon Promise

| Year | First Dollar | Middle Dollar | Difference | |
|------|---------------|---------------|---------------|---------|
| | | | Absolute | Percent |
| 2013 | \$117,359,412 | 83,351,325 | \$34,008,086 | 29.0 |
| 2014 | \$204,257,085 | 168,736,520 | \$35,520,565 | 17.4 |
| 2015 | \$281,208,566 | 220,092,098 | \$61,116,468 | 21.7 |
| 2016 | \$348,147,751 | 283,988,200 | \$64,159,551 | 18.4 |
| 2017 | \$368,418,912 | 281,446,754 | \$86,972,158 | 23.6 |
| 2018 | \$393,366,799 | 301,891,486 | \$91,475,313 | 23.3 |
| 2019 | \$418,137,144 | 306,112,757 | \$112,024,387 | 26.8 |
| 2020 | \$444,470,002 | 327,942,860 | \$116,527,142 | 26.2 |
| 2021 | \$472,464,106 | 350,737,799 | \$121,726,306 | 25.8 |
| 2022 | \$500,020,113 | 373,445,401 | \$126,574,711 | 25.3 |
| 2023 | \$533,862,624 | 401,317,600 | \$132,545,024 | 24.8 |
| 2024 | \$567,497,360 | 427,828,081 | \$139,669,279 | 24.6 |
| 2025 | \$603,254,855 | 456,594,268 | \$146,660,586 | 24.3 |
| 2026 | \$638,486,400 | 484,838,876 | \$153,647,524 | 24.1 |
| 2027 | \$681,683,422 | 519,289,392 | \$162,394,030 | 23.8 |

Table 2 Oregon Combined School Enrollment Forecast by Grade from Fall 2011 to Fall 2027

| | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 |
|----------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Kindergarten | 46,929 | 47,291 | 47,656 | 48,023 | 48,394 | 48,767 | 49,144 | 49,523 | 49,905 | 50,290 | 50,678 | 51,069 | 51,463 | 51,860 | 52,260 | 52,663 | 53,070 |
| First Grade | 45,546 | 46,583 | 46,945 | 47,309 | 47,676 | 48,046 | 48,419 | 48,795 | 49,173 | 49,555 | 49,939 | 50,327 | 50,717 | 51,111 | 51,507 | 51,907 | 52,309 |
| Second Grade | 45,618 | 45,485 | 46,523 | 46,885 | 47,249 | 47,616 | 47,987 | 48,360 | 48,736 | 49,114 | 49,496 | 49,881 | 50,268 | 50,659 | 51,053 | 51,449 | 51,849 |
| Third Grade | 45,607 | 45,724 | 45,591 | 46,629 | 46,990 | 47,355 | 47,722 | 48,092 | 48,466 | 48,841 | 49,220 | 49,602 | 49,987 | 50,374 | 50,765 | 51,159 | 51,555 |
| Fourth Grade | 45,109 | 45,703 | 45,820 | 45,687 | 46,725 | 47,087 | 47,452 | 47,820 | 48,190 | 48,564 | 48,940 | 49,319 | 49,701 | 50,086 | 50,474 | 50,865 | 51,259 |
| Fifth Grade | 45,929 | 45,306 | 45,901 | 46,018 | 45,884 | 46,925 | 47,287 | 47,653 | 48,021 | 48,392 | 48,766 | 49,143 | 49,522 | 49,905 | 50,291 | 50,679 | 51,071 |
| Sixth Grade | 46,126 | 46,178 | 45,553 | 46,150 | 46,267 | 46,133 | 47,176 | 47,540 | 47,906 | 48,275 | 48,647 | 49,022 | 49,399 | 49,780 | 50,163 | 50,550 | 50,939 |
| Seventh Grade | 46,263 | 46,346 | 46,399 | 45,772 | 46,370 | 46,488 | 46,354 | 47,400 | 47,764 | 48,132 | 48,502 | 48,875 | 49,251 | 49,630 | 50,011 | 50,396 | 50,784 |
| Eighth Grade | 46,663 | 46,438 | 46,521 | 46,574 | 45,946 | 46,545 | 46,663 | 46,529 | 47,576 | 47,941 | 48,309 | 48,680 | 49,053 | 49,430 | 49,809 | 50,192 | 50,577 |
| Ninth Grade | 46,936 | 47,772 | 47,549 | 47,632 | 47,684 | 47,061 | 47,655 | 47,772 | 47,639 | 48,677 | 49,039 | 49,404 | 49,771 | 50,142 | 50,515 | 50,891 | 51,270 |
| Tenth Grade | 47,062 | 46,595 | 47,423 | 47,202 | 47,284 | 47,335 | 46,719 | 47,307 | 47,423 | 47,291 | 48,319 | 48,677 | 49,038 | 49,402 | 49,768 | 50,138 | 50,510 |
| Eleventh Grade | 45,528 | 45,617 | 45,155 | 45,974 | 45,756 | 45,837 | 45,888 | 45,278 | 45,860 | 45,974 | 45,844 | 46,861 | 47,216 | 47,573 | 47,933 | 48,296 | 48,661 |
| Twelfth Grade | 48,818 | 47,573 | 47,663 | 47,196 | 48,023 | 47,803 | 47,884 | 47,936 | 47,320 | 47,908 | 48,023 | 47,892 | 48,918 | 49,276 | 49,637 | 50,000 | 50,366 |
| Total | 602,134 | 602,611 | 604,698 | 607,050 | 610,249 | 612,999 | 616,350 | 620,003 | 623,979 | 628,954 | 633,722 | 638,750 | 644,305 | 649,227 | 654,187 | 659,184 | 664,221 |

Table 3 Residency Requirement for the Proposed Promise

| Length of Attendance | Benefit (%) |
|----------------------|-------------|
| K-12 | 100 |
| 1-12 | 95 |
| 2-12 | 95 |
| 3-12 | 95 |
| 4-12 | 90 |
| 5-12 | 85 |
| 6-12 | 80 |
| 7-12 | 75 |
| 8-12 | 70 |
| 9-12 | 65 |
| 10-12 | 0 |
| 11-12 | 0 |
| 12 | 0 |

Table 4 Estimated Number of High School Graduates Who Will Use the Promise by Their Year of Enrollment in Public, Private, or Home Schooling in the State

| Grade student began his/her education | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Kindergarten | 7,904 | 8,089 | 8,498 | 8,724 | 9,006 | 9,282 | 9,426 | 9,809 | 10,100 | 10,338 | 10,832 | 11,185 | 11,543 | 11,905 | 12,272 | 12,644 |
| First | 372 | 381 | 400 | 411 | 424 | 437 | 444 | 462 | 476 | 487 | 510 | 527 | 544 | 561 | 578 | 596 |
| Second | 390 | 399 | 419 | 430 | 444 | 458 | 465 | 484 | 498 | 510 | 534 | 552 | 570 | 587 | 606 | 624 |
| Third | 408 | 418 | 439 | 451 | 465 | 480 | 487 | 507 | 522 | 534 | 560 | 578 | 596 | 615 | 634 | 653 |
| Fourth | 428 | 438 | 460 | 472 | 487 | 502 | 510 | 531 | 546 | 559 | 586 | 605 | 624 | 644 | 664 | 684 |
| Fifth | 448 | 458 | 481 | 494 | 510 | 526 | 534 | 556 | 572 | 586 | 614 | 634 | 654 | 674 | 695 | 716 |
| Sixth | 469 | 480 | 504 | 518 | 534 | 551 | 559 | 582 | 599 | 613 | 643 | 663 | 685 | 706 | 728 | 750 |
| Seventh | 491 | 502 | 528 | 542 | 559 | 577 | 585 | 609 | 627 | 642 | 673 | 695 | 717 | 739 | 762 | 785 |
| Eighth | 514 | 526 | 553 | 567 | 586 | 604 | 613 | 638 | 657 | 672 | 705 | 727 | 751 | 774 | 798 | 822 |
| Ninth | 538 | 551 | 579 | 594 | 613 | 632 | 642 | 668 | 688 | 704 | 738 | 762 | 786 | 811 | 836 | 861 |
| Tenth | 564 | 577 | 606 | 622 | 642 | 662 | 672 | 700 | 720 | 737 | 772 | 798 | 823 | 849 | 875 | 902 |
| Eleventh | 590 | 604 | 635 | 651 | 672 | 693 | 704 | 732 | 754 | 772 | 809 | 835 | 862 | 889 | 916 | 944 |
| Twelfth | 618 | 633 | 664 | 682 | 704 | 726 | 737 | 767 | 790 | 808 | 847 | 875 | 903 | 931 | 960 | 989 |
| Total | 13,734 | 14,056 | 14,766 | 15,160 | 15,648 | 16,128 | 16,378 | 17,044 | 17,549 | 17,964 | 18,822 | 19,435 | 20,057 | 20,687 | 21,325 | 21,971 |

Table 5 Forecast of College and University Enrollment of Oregon Promise Scholarship Recipients

| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 |
|-----------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Two-year comm. colleges | 5,022 | 5,140 | 5,399 | 5,543 | 5,722 | 5,897 | 5,989 | 6,232 | 6,417 | 6,569 | 6,882 | 7,107 | 7,334 | 7,564 | 7,798 | 8,034 |
| Blue Mountain | 177 | 181 | 190 | 195 | 201 | 208 | 211 | 219 | 226 | 231 | 242 | 250 | 258 | 266 | 275 | 283 |
| Central Oregon | 369 | 377 | 396 | 407 | 420 | 433 | 440 | 457 | 471 | 482 | 505 | 522 | 538 | 555 | 572 | 590 |
| Chemeketa | 316 | 323 | 339 | 348 | 360 | 371 | 376 | 392 | 403 | 413 | 433 | 447 | 461 | 475 | 490 | 505 |
| Clackamas | 67 | 69 | 72 | 74 | 76 | 79 | 80 | 83 | 86 | 88 | 92 | 95 | 98 | 101 | 104 | 107 |
| Clatsop | 118 | 121 | 127 | 130 | 134 | 138 | 141 | 146 | 151 | 154 | 162 | 167 | 172 | 178 | 183 | 189 |
| Lane | 515 | 528 | 554 | 569 | 587 | 605 | 615 | 640 | 659 | 674 | 706 | 729 | 753 | 776 | 800 | 825 |
| Linn-Benton | 663 | 679 | 713 | 732 | 756 | 779 | 791 | 823 | 848 | 868 | 909 | 939 | 969 | 999 | 1,030 | 1,061 |
| Mt. Hood | 751 | 769 | 808 | 829 | 856 | 882 | 896 | 932 | 960 | 983 | 1,030 | 1,063 | 1,097 | 1,132 | 1,166 | 1,202 |
| Portland | 1,009 | 1,033 | 1,085 | 1,114 | 1,150 | 1,185 | 1,203 | 1,252 | 1,289 | 1,320 | 1,383 | 1,428 | 1,473 | 1,520 | 1,567 | 1,614 |
| Rogue | 378 | 386 | 406 | 417 | 430 | 443 | 450 | 469 | 483 | 494 | 517 | 534 | 551 | 569 | 586 | 604 |
| Southwestern Oregon | 167 | 171 | 179 | 184 | 190 | 196 | 199 | 207 | 213 | 218 | 229 | 236 | 244 | 251 | 259 | 267 |
| Treasure Valley | 129 | 132 | 139 | 142 | 147 | 151 | 154 | 160 | 165 | 169 | 177 | 182 | 188 | 194 | 200 | 206 |
| Umpqua | 198 | 202 | 213 | 218 | 225 | 232 | 236 | 245 | 253 | 259 | 271 | 280 | 289 | 298 | 307 | 316 |
| Columbia Gorge | 36 | 37 | 39 | 40 | 41 | 42 | 43 | 45 | 46 | 47 | 49 | 51 | 53 | 54 | 56 | 58 |
| Tillamook Bay | 19 | 19 | 20 | 21 | 22 | 22 | 23 | 24 | 24 | 25 | 26 | 27 | 28 | 29 | 29 | 30 |
| Oregon Coast | 46 | 47 | 49 | 51 | 52 | 54 | 55 | 57 | 59 | 60 | 63 | 65 | 67 | 69 | 71 | 74 |
| Klamath | 65 | 66 | 70 | 72 | 74 | 76 | 77 | 81 | 83 | 85 | 89 | 92 | 95 | 98 | 101 | 104 |
| Four-year universities | 7,127 | 7,294 | 7,662 | 7,867 | 8,120 | 8,369 | 8,499 | 8,845 | 9,107 | 9,322 | 9,767 | 10,085 | 10,408 | 10,735 | 11,066 | 11,401 |
| Eastern Oregon | 258 | 264 | 277 | 284 | 294 | 303 | 307 | 320 | 329 | 337 | 353 | 365 | 376 | 388 | 400 | 412 |
| Oregon Health & Science | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Oregon Institute of Tech. | 237 | 242 | 255 | 261 | 270 | 278 | 282 | 294 | 303 | 310 | 324 | 335 | 346 | 357 | 368 | 379 |
| Oregon State | 2,480 | 2,538 | 2,666 | 2,737 | 2,825 | 2,912 | 2,957 | 3,077 | 3,168 | 3,243 | 3,398 | 3,509 | 3,621 | 3,735 | 3,850 | 3,967 |
| University of Oregon | 1,928 | 1,973 | 2,073 | 2,128 | 2,197 | 2,264 | 2,299 | 2,393 | 2,464 | 2,522 | 2,642 | 2,728 | 2,816 | 2,904 | 2,994 | 3,084 |
| Portland State | 972 | 995 | 1,045 | 1,073 | 1,108 | 1,141 | 1,159 | 1,206 | 1,242 | 1,271 | 1,332 | 1,376 | 1,420 | 1,464 | 1,509 | 1,555 |
| Southern Oregon | 392 | 401 | 421 | 432 | 446 | 460 | 467 | 486 | 500 | 512 | 537 | 554 | 572 | 590 | 608 | 626 |
| Western Oregon | 861 | 881 | 926 | 951 | 981 | 1,011 | 1,027 | 1,069 | 1,100 | 1,126 | 1,180 | 1,219 | 1,258 | 1,297 | 1,337 | 1,378 |
| Private colleges and univ. | 1,585 | 1,623 | 1,705 | 1,830 | 1,806 | 1,862 | 1,891 | 1,968 | 2,026 | 2,074 | 2,173 | 2,244 | 2,315 | 2,388 | 2,462 | 2,536 |
| Concordia University-Portland | 120 | 123 | 129 | 132 | 137 | 141 | 143 | 149 | 153 | 157 | 164 | 170 | 175 | 181 | 186 | 192 |
| New Hope Christian College | 16 | 16 | 17 | 18 | 18 | 19 | 19 | 20 | 20 | 21 | 22 | 23 | 23 | 24 | 25 | 26 |
| George Fox University | 264 | 270 | 284 | 291 | 300 | 310 | 315 | 327 | 337 | 345 | 361 | 373 | 385 | 397 | 409 | 422 |
| Lewis & Clark College | 67 | 69 | 72 | 74 | 76 | 79 | 80 | 83 | 86 | 88 | 92 | 95 | 98 | 101 | 104 | 107 |
| Linfield College-McMinnville | 284 | 290 | 305 | 313 | 323 | 333 | 338 | 352 | 363 | 371 | 389 | 401 | 414 | 427 | 441 | 454 |
| Marylhurst University | 6 | 6 | 6 | 7 | 7 | 7 | 7 | 7 | 8 | 8 | 8 | 8 | 9 | 9 | 9 | 10 |
| Multnomah University | 28 | 29 | 30 | 31 | 32 | 33 | 33 | 35 | 36 | 37 | 38 | 40 | 41 | 42 | 43 | 45 |
| Northwest Christian University | 54 | 55 | 58 | 60 | 61 | 63 | 64 | 67 | 69 | 71 | 74 | 76 | 79 | 81 | 84 | 86 |
| Oregon College of Art and Craft | 4 | 4 | 4 | 4 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 6 | 6 | 6 | 6 | 6 |
| Pacific Northwest College of Art | 36 | 37 | 39 | 40 | 41 | 42 | 43 | 45 | 46 | 47 | 49 | 51 | 53 | 54 | 56 | 58 |
| Pacific University | 191 | 195 | 205 | 211 | 217 | 224 | 228 | 237 | 244 | 250 | 261 | 270 | 279 | 287 | 296 | 305 |
| University of Portland | 260 | 266 | 279 | 287 | 296 | 305 | 310 | 322 | 332 | 340 | 356 | 368 | 379 | 391 | 403 | 416 |
| Reed College | 22 | 22 | 24 | 24 | 25 | 26 | 26 | 27 | 28 | 29 | 30 | 31 | 32 | 33 | 34 | 35 |
| Warner Pacific College | 44 | 45 | 47 | 49 | 50 | 52 | 52 | 55 | 56 | 57 | 60 | 62 | 64 | 66 | 68 | 70 |
| Corban University | 70 | 72 | 75 | 77 | 80 | 82 | 83 | 87 | 89 | 91 | 96 | 99 | 102 | 105 | 109 | 112 |
| Willamette University | 118 | 121 | 127 | 130 | 134 | 138 | 141 | 146 | 151 | 154 | 162 | 167 | 172 | 178 | 183 | 189 |
| University of Western States | 3 | 3 | 3 | 3 | 3 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 5 | 5 | 5 |
| Total enrollment | 13,734 | 14,056 | 14,766 | 15,240 | 15,648 | 16,128 | 16,378 | 17,044 | 17,549 | 17,964 | 18,822 | 19,435 | 20,057 | 20,687 | 21,325 | 21,971 |

TABLE 6 College Retention Rates for Community, Public Universities, and Private Colleges and Universities

| Total tuition costs for two-year colleges | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| First year | | | | | | | | | | | | | | | | |
| Second year | 43% | 43% | 43% | 44% | 44% | 44% | 44% | 44% | 45% | 45% | 45% | 45% | 46% | 46% | 46% | 46% |
| Transfer to four-year public | 34% | 34% | 34% | 34% | 34% | 34% | 34% | 34% | 34% | 34% | 34% | 34% | 34% | 34% | 34% | 34% |
| Retention rates | | | | | | | | | | | | | | | | |
| Public four-year | | | | | | | | | | | | | | | | |
| 1st year | | | | | | | | | | | | | | | | |
| 2nd year | 78% | 78% | 78% | 79% | 79% | 79% | 80% | 80% | 81% | 81% | 81% | 82% | 82% | 83% | 83% | 83% |
| 3rd year | 61% | 61% | 61% | 61% | 62% | 62% | 62% | 62% | 63% | 63% | 63% | 64% | 64% | 64% | 65% | 65% |
| 4th year | 47% | 47% | 47% | 48% | 48% | 48% | 48% | 49% | 49% | 49% | 49% | 50% | 50% | 50% | 50% | 51% |
| Private four-year | | | | | | | | | | | | | | | | |
| 1st year | | | | | | | | | | | | | | | | |
| 2nd year | 70% | 70% | 70% | 71% | 71% | 71% | 72% | 72% | 72% | 73% | 73% | 74% | 74% | 74% | 75% | 75% |
| 3rd year | 65% | 65% | 65% | 66% | 66% | 66% | 67% | 67% | 67% | 68% | 68% | 68% | 69% | 69% | 69% | 70% |
| 4th year | 55% | 55% | 55% | 56% | 56% | 56% | 56% | 57% | 57% | 57% | 58% | 58% | 58% | 58% | 59% | 59% |

Table 7 Forecasted State Outlay for the Oregon Opportunity Grant

| Class | Total |
|--------------|--------------|
| 2013 | \$17,344,124 |
| 2014 | \$30,503,634 |
| 2015 | \$41,821,723 |
| 2016 | \$52,936,465 |
| 2017 | \$55,030,601 |
| 2018 | \$57,550,026 |
| 2019 | \$60,126,392 |
| 2020 | \$61,925,788 |
| 2021 | \$65,389,908 |
| 2022 | \$68,345,273 |
| 2023 | \$71,047,203 |
| 2024 | \$75,624,977 |
| 2025 | \$79,363,577 |
| 2026 | \$83,265,544 |
| 2027 | \$87,337,564 |

Table 8 First-Dollar Scholarship Program (\$)

| Class | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 |
|-------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 2013 | 117,359,412 | 79,856,109 | 64,272,818 | 49,345,783 | | | | | | | | | | | |
| 2014 | | 124,400,976 | 85,070,713 | 68,399,201 | 52,568,063 | | | | | | | | | | |
| 2015 | | | 131,865,035 | 90,625,830 | 71,143,599 | 56,000,757 | | | | | | | | | |
| 2016 | | | | 139,776,937 | 96,543,697 | 77,464,675 | 59,657,607 | | | | | | | | |
| 2017 | | | | | 148,163,553 | 102,848,000 | 82,438,994 | 63,553,248 | | | | | | | |
| 2018 | | | | | | 157,053,366 | 109,563,975 | 87,733,089 | 67,703,275 | | | | | | |
| 2019 | | | | | | | 166,476,568 | 116,718,502 | 93,367,538 | 72,124,299 | | | | | |
| 2020 | | | | | | | | 176,465,162 | 124,340,220 | 97,159,920 | 76,834,016 | | | | |
| 2021 | | | | | | | | | 187,053,072 | 132,459,637 | 105,746,525 | 81,851,277 | | | |
| 2022 | | | | | | | | | | 198,276,257 | 141,109,251 | 112,539,196 | 87,196,166 | | |
| 2023 | | | | | | | | | | | 210,172,832 | 150,323,685 | 119,768,673 | 92,890,075 | |
| 2024 | | | | | | | | | | | | 222,783,202 | 160,139,822 | 124,680,167 | 98,955,797 |
| 2025 | | | | | | | | | | | | | 236,150,194 | 170,596,952 | 135,652,334 |
| 2026 | | | | | | | | | | | | | | 250,319,206 | 181,736,933 |
| 2027 | | | | | | | | | | | | | | | 265,338,358 |
| Total | 117,359,412 | 204,257,085 | 281,208,566 | 348,147,751 | 368,418,912 | 393,366,799 | 418,137,144 | 444,470,002 | 472,464,106 | 500,020,113 | 533,862,624 | 567,497,360 | 603,254,855 | 638,486,400 | 681,683,422 |

Table 9 Projected Amount of Federal Aid and Oregon Opportunity Grant Funds Used by Scholarship Students in the Middle-Dollar Scholarship Program (\$)

| Class | Total (\$) |
|-------|-------------|
| 2013 | 24,388,947 |
| 2014 | 44,855,904 |
| 2015 | 64,162,432 |
| 2016 | 83,765,430 |
| 2017 | 87,991,652 |
| 2018 | 92,939,665 |
| 2019 | 98,026,721 |
| 2020 | 101,880,966 |
| 2021 | 108,518,735 |
| 2022 | 114,371,058 |
| 2023 | 119,844,860 |
| 2024 | 128,547,217 |
| 2025 | 135,897,752 |
| 2026 | 143,590,698 |
| 2027 | 151,640,585 |

Table 10 Total Scholarship Outlays in Middle-Dollar Program (\$)

| Class | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 |
|-------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 2013 | 83,351,325 | 79,856,109 | 64,272,818 | 49,345,783 | | | | | | | | | | | |
| 2014 | | 88,880,411 | 60,780,230 | 68,399,201 | 52,568,063 | | | | | | | | | | |
| 2015 | | | 95,039,050 | 65,316,729 | 51,275,306 | 56,000,757 | | | | | | | | | |
| 2016 | | | | 100,926,487 | 69,709,756 | 55,933,673 | 43,076,009 | | | | | | | | |
| 2017 | | | | | 107,893,629 | 74,894,559 | 60,032,593 | 46,279,874 | | | | | | | |
| 2018 | | | | | | 115,062,496 | 80,270,195 | 64,276,166 | 49,601,661 | | | | | | |
| 2019 | | | | | | | 122,733,959 | 86,050,091 | 68,834,718 | 53,173,254 | | | | | |
| 2020 | | | | | | | | 131,336,729 | 92,541,993 | 72,312,664 | 57,184,819 | | | | |
| 2021 | | | | | | | | | 139,759,428 | 98,969,147 | 79,010,057 | 61,156,374 | | | |
| 2022 | | | | | | | | | | 148,990,336 | 106,033,446 | 84,565,106 | 65,521,642 | | |
| 2023 | | | | | | | | | | | 159,089,279 | 113,786,765 | 90,658,301 | 70,312,680 | |
| 2024 | | | | | | | | | | | | 168,319,836 | 120,990,758 | 94,199,855 | 74,764,270 |
| 2025 | | | | | | | | | | | | | 179,423,567 | 129,617,144 | 103,066,718 |
| 2026 | | | | | | | | | | | | | | 190,709,198 | 138,458,832 |
| 2027 | | | | | | | | | | | | | | | 202,999,571 |
| Total | 83,351,325 | 168,736,520 | 220,092,098 | 283,988,200 | 281,446,754 | 301,891,486 | 306,112,757 | 327,942,860 | 350,737,799 | 373,445,401 | 401,317,600 | 427,828,081 | 456,594,268 | 484,838,876 | 519,289,392 |

Appendix B

Oregon Promise: Cost and Impact

George A. Erickcek
Senior Regional Analyst

W.E. Upjohn Institute for Employment Research

April 10, 2013

Outline

- Structure of the Proposed Oregon Promise
 - *First-Dollar Program*
 - *Middle-Dollar Program*
- Key assumptions and projections
 - *Projected Enrollment*
 - *Residency*
 - *Retention Rates*
- Cost Estimates of both the First- and Middle-Dollar Scholarships

Outline

- Estimation of the administrative costs of the proposed scholarship program
 - *The Middle-Dollar Program will cost more in terms of administration.*
- Potential impact on the Oregon's 40/40/20 Initiative
 - *The key will be to lower the state's high school dropout rate and to raise its college completion rates.*
- Impact on economic development
 - *Economic development depends on many factors; however, talent ranks high.*

Structure of the Proposed Oregon Promise: *Options*

- **First Dollar:** The Scholarship would cover all tuition and fees and would not require the student to apply for additional aid. *(The student could do so to attempt to cover room and board.)*
- **Middle Dollar:** The Scholarship would cover the gap between tuition and financial assistance the student obtains through federal (Pell Grants) and state (OOG) scholarship assistance programs. **This will require students and their parents to complete the FAFSA.**

Strengths and Weaknesses of Both Approaches

First Dollar

Strengths:

- Easier to administer
- Increases accessibility for the student
- Allows students to add other grants and scholarships to pay for room and board

Weakness:

- More expensive

Middle Dollar

Strength:

- Less expensive

Weaknesses

- More costly to administer— *must provide assistance in filling out the FAFSA*
- Decreases accessibility for the student— *must fill out the FAFSA*
- Does not allow the students to use grants to contribute to room and board

Key assumptions and projections

- **Student residency** — Difficult to estimate because we do not have longitudinal data on students
- **Enrollment Growth** — Survival-cohort based on a five-year history
- **Attendance and completion rates**

Residency Requirement for the Proposed Oregon Promise

| <u>Length of Attendance</u> | <u>Percent of Scholarship</u> |
|-----------------------------|-------------------------------|
| K-12..... | 100% |
| 1-12..... | 95% |
| 2-12..... | 95% |
| 3-12..... | 95% |
| 4-12..... | 90% |
| 5-12 | 85% |
| 6-12..... | 80% |
| 7-12..... | 75% |
| 8-12..... | 70% |
| 9-12..... | 65% |
| 10-12..... | 0% |
| 11-12..... | 0% |
| 12..... | 0% |

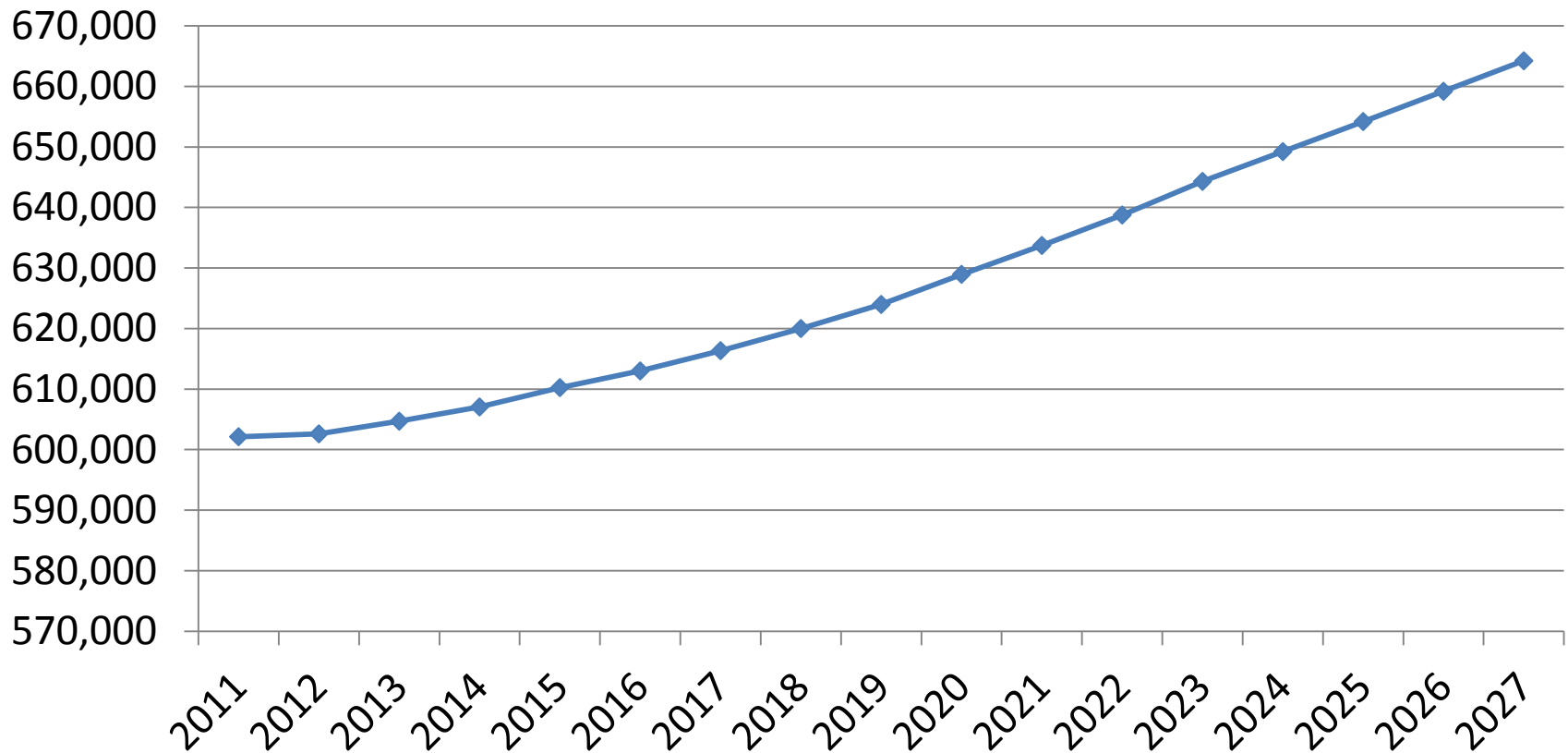
Projected high school graduates by length of residency in the state

| Grade student began his/her education | 2013 | 2014 |
|---------------------------------------|--------|--------|
| Kindergarten | 8,089 | 8,498 |
| First | 381 | 400 |
| Second | 399 | 419 |
| Third | 418 | 439 |
| Fourth | 438 | 460 |
| Fifth | 458 | 481 |
| Sixth | 480 | 504 |
| Seventh | 502 | 528 |
| Eighth | 526 | 553 |
| Ninth | 551 | 579 |
| Tenth | 577 | 606 |
| Eleventh | 604 | 635 |
| Twelfth | 633 | 664 |
| Total | 14,056 | 14,766 |

Graduates not eligible for the Promise

Total enrollment forecast for the State of Oregon – *Public and Private*

Total Enrollment



Key assumptions used in the study

- In the 2008-09 school year, 59.4 percent of the state's high school graduates continue to college with 49.1 percent attending in-state schools.
- We are assuming an annual 1.0 percent increase during the forecast period.
- We assumed that scholarship users will go to college the year after high school. This unrealistic assumption will “front load” the cost of the scholarship.
- Tuition cost will increase by 6.0 percent per year.

The projected percentage of students who come back after the preceding year, by type of institution

| Retention and Transfer Rates | 2012 | 2014 | 2016 | 2018 | 2020 | 2022 | 2024 | 2026 |
|------------------------------|------|------|------|------|------|------|------|------|
| First year | | | | | | | | |
| Second year | 43% | 43% | 44% | 44% | 45% | 45% | 46% | 46% |
| Transfer to four-year public | 34% | 34% | 34% | 34% | 34% | 34% | 34% | 34% |
| Retention rates | | | | | | | | |
| Public four-year | | | | | | | | |
| 1st year | | | | | | | | |
| 2nd year | 78% | 78% | 79% | 80% | 81% | 81% | 82% | 83% |
| 3rd year | 61% | 61% | 62% | 62% | 63% | 63% | 64% | 65% |
| 4th year | 47% | 47% | 48% | 48% | 49% | 49% | 50% | 50% |
| Private four-year | | | | | | | | |
| 1st year | | | | | | | | |
| 2nd year | 70% | 70% | 71% | 72% | 72% | 73% | 74% | 75% |
| 3rd year | 65% | 65% | 66% | 67% | 67% | 68% | 69% | 69% |
| 4th year | 55% | 55% | 56% | 56% | 57% | 58% | 58% | 59% |

Cost of the First-Dollar Scholarship

| Year | First Dollar (\$) |
|------|-------------------|
| 2013 | 117,359,412 |
| 2014 | 124,400,976 |
| 2015 | 131,865,035 |
| 2016 | 139,776,937 |
| 2017 | 148,163,553 |
| 2018 | 157,053,366 |
| 2019 | 166,476,568 |
| 2020 | 176,465,162 |
| 2021 | 187,053,072 |
| 2022 | 198,276,257 |
| 2023 | 210,172,832 |
| 2024 | 222,783,202 |
| 2025 | 236,150,194 |
| 2026 | 250,319,206 |
| 2027 | 265,338,358 |

Middle-Dollar Scholarship Program

- The two grant programs included are the Federal Pell Grants and the Oregon Opportunity Grant.
- Both are projected to increase in value by 2.5 percent per year.
- Both are means tested.

Scholarship costs:

First and Middle Dollar

| Year | First Dollar (\$) | Middle Dollar (\$) | Difference | |
|------|-------------------|--------------------|---------------|---------|
| | | | Absolute (\$) | Percent |
| 2013 | 117,359,412 | 83,351,325 | \$34,008,086 | 29.0 |
| 2014 | 124,400,976 | 168,736,520 | \$35,520,565 | 17.4 |
| 2015 | 131,865,035 | 220,092,098 | \$61,116,468 | 21.7 |
| 2016 | 139,776,937 | 283,988,200 | \$64,159,551 | 18.4 |
| 2017 | 148,163,553 | 281,446,754 | \$86,972,158 | 23.6 |
| 2018 | 157,053,366 | 301,891,486 | \$91,475,313 | 23.3 |
| 2019 | 166,476,568 | 306,112,757 | \$112,024,387 | 26.8 |
| 2020 | 176,465,162 | 327,942,860 | \$116,527,142 | 26.2 |
| 2021 | 187,053,072 | 350,737,799 | \$121,726,306 | 25.8 |
| 2022 | 198,276,257 | 373,445,401 | \$126,574,711 | 25.3 |
| 2023 | 210,172,832 | 401,317,600 | \$132,545,024 | 24.8 |
| 2024 | 222,783,202 | 427,828,081 | \$139,669,279 | 24.6 |
| 2025 | 236,150,194 | 456,594,268 | \$146,660,586 | 24.3 |
| 2026 | 250,319,206 | 484,838,876 | \$153,647,524 | 24.1 |
| 2027 | 265,338,358 | 519,289,392 | \$162,394,030 | 23.8 |

Estimation of the administrative costs of the proposed scholarship program

| A. First-Dollar Scholarship Program | | | | |
|--|--|--------|--------------|--------------------|
| Position | Responsible | Number | Compensation | Cost |
| Director | Management of program | 1 | \$130,000 | \$130,000 |
| Outreach Director | Promote the Promise statewide | 1 | \$104,000 | \$104,000 |
| Tech Support | Working with school districts' student records | 2 | \$104,000 | \$208,000 |
| Student Monitors | Track scholarship student | 43 | \$45,000 | \$1,956,500 |
| Support —administrative | Office administration | 3 | \$39,000 | \$117,000 |
| Travel | | | | \$10,000 |
| | | | Total | \$2,525,500 |
| B. Added Cost of a Middle-Dollar Program | | | | |
| Position | Responsible | Number | Compensation | Cost |
| Financial counselors | Assist parents and students complete the FASFA | 30 | \$58,500 | 1,755,000 |
| Administrative support | Office administration | 2 | \$45,500 | 78,000 |
| Travel | | | | 50,000 |
| | | | Total | 4,408,500 |

Potential impact on Oregon's 40/40/20 Initiative

- The Kalamazoo Promise has had surprisingly little impact on high school graduation rates. We expect the same for the Oregon Promise:
 - *Graduation success appears to be strongly affected by Pre-K and elementary performance of the student.*
 - *If information regarding the Oregon Promise effectively reaches the parents of K–3 students, it will have a stronger potential to lower the state's dropout rate.*

Potential impact on Oregon's 40/40/20 Initiative

- There are three major barriers facing high school graduates as they enter college:
 - Financial
 - Academic readiness
 - Attachment to the college
- *The Oregon Promise would clearly address the first issue, and there is some evidence from the Kalamazoo Promise that it could address academic readiness as well.*

Potential impact on Oregon's 40/40/20 Initiative

- Kalamazoo Promise students are staying in college longer and completing in greater numbers than the national average. *It is possible that the Oregon Promise would have the same impact.*

Potential impact on Oregon's 40/40/20 Initiative

- To achieve its goal, the 40/40/20 Initiative must also encourage working adults to return to college to complete their degree or to start college as adult learners.

The impact of the Oregon Promise to assist these individuals in the future depends upon the terms of the promise regarding the number of years it remains open to them. *Students have 10 years to use the Kalamazoo Promise.*

Overall, the Kalamazoo Promise has encouraged:

- lower-achieving high school students to attend community college;
- higher-achieving high school students who would have attended a community college to go straight to a four-year university; and
- students to complete their studies.

Impact on Economic Development

- The state's economic development depends upon:
 - the competitiveness of its tax structure and quality and effectiveness of its services to the business community;
 - the innovative and competitive strengths of its core industries; and
 - the ability to grow, retain, and attract talent.

Impact on Economic Development

- Clearly, the Oregon Promise would impact the state's talent base by:
 - encouraging more high school students to attend and complete college;
 - attracting parents who are interested in the academic future of their children; and
 - attracting individuals and businesses who want to work and live in an education-focused state.